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EDITED TRANSCRIPT

Q3 2018 MYR Group Inc Earnings Call

EVENT DATE/TIME: NOVEMBER 01, 2018 / 2:00PM GMT



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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the third quarter 2018 conference call. (Operator Instructions) As a reminder, this conference call is being recorded.

I would now like to turn the conference over to your host, Mr. Steve Carr, Dresner Corporation Services (sic) [Dresner Corporate Services]. You may begin.

Steven D. Carr Dresner Corporate Services, Inc. - EVP and MD

Thank you, Denise, and good morning, everyone. I'd like to welcome you to the MYR Group conference call to discuss the company's 2018 third quarter results, which were reported yesterday after the market closed.

Joining us on today's call are Rick Swartz, President and Chief Executive Officer; Betty Johnson, Senior Vice President, Chief Financial Officer and Treasurer; Tod Cooper, Senior Vice President and Chief Operating Officer of MYR Group's Transmission and Distribution segment; and Jeff Waneka, Senior Vice President and Chief Operating Officer of MYR Group's Commercial and Industrial segment.

If you did not receive yesterday's press release, please contact Dresner Corporate Services at (312) 726-3600, and we will send you a copy or go to the MYR Group website, where a copy is available on the Events and Presentations page under the Investor Relations tab. Also, a replay of today's call will be available until Thursday, November 8, 2018, at 11:59 p.m. Eastern Time by dialing (855) 859-2056 or (404) 537-3406 and entering conference ID 6384337. A replay of the conference call will also be available on the company's website on the Events and Presentations page under the Investor Relations tab.

Before we begin, I want to remind you that this discussion may contain forward-looking statements. Any such statements are based upon information available to MYR Group management as of this date, and MYR Group assumes no obligation to update any such forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Accordingly, these statements are no guarantee of future performance. These risks and uncertainties are discussed in the company's annual report on Form 10-K for the year ended December 31, 2017, and the company's quarterly report on Form 10-Q for the third quarter of 2018 and in yesterday's press release.

Certain non-GAAP financial information will be discussed on the call today. A reconciliation of this non-GAAP information to the most comparable GAAP measure is set forth in yesterday's press release.

With that said, I'll now turn the call over to Rick Swartz.

Richard S. Swartz MYR Group Inc. - President & CEO

Thanks, Steve. Good morning, everyone. Welcome to our third quarter 2018 conference call to discuss financial and operational results. I will begin by providing a brief summary of the third quarter results and then turn the call over to Betty Johnson, our Chief Financial Officer, for a more detailed financial review. Following Betty's discussion, Tod Cooper and Jeff Waneka, Chief Operating Officers for our



T&D and C&I segments, will provide an industry outlook and discuss some of MYR Group's opportunities going forward. I will then conclude with some closing remarks and open the call up for your comments and questions.

We are pleased with our third quarter 2018 financial results, which included increases in revenue, gross profit, earnings per share, net income and EBITDA as compared to the third quarter of 2017. We also reached a new record high of \$1.1 billion in backlog. We maintained a consistent focus on expanding our geographic reach as well as our depth and breadth of service offerings. These efforts generated new opportunities and a robust bidding activity in our T&D and C&I markets in the third quarter of 2018 as well as a diversified project portfolio.

We continued the integration of Huen Companies, our newest acquisition, which further expanded our C&I service offerings and geographic reach throughout the Upper Midwest and the Northeastern U.S.

To strengthen efficiencies in our internal processes and to support future growth, we launched our new Oracle Enterprise One platform in the third quarter. This system streamlines business processes, increases efficiencies and fosters greater cross collaboration throughout the organization. We believe there are ongoing growth opportunities in our markets based on active industry developments and continued significant spending by utilities to strengthen their electrical infrastructure.

We believe that MYR Group's solid reputation for providing value to our customers, our sound and disciplined bidding strategy, the breadth and expertise of our resources and the track record of delivering positive returns to our shareholders will continue to fuel our success. We are confident that our actions will help to ensure that we are the contractor of choice for our customers, the employer of choice for our workforce and the partner of choice for our suppliers and industry associates. Our focus remains the same: to grow our business and deliver positive returns to our stockholders.

Now Betty will provide details on our financial results for the third quarter of 2018.

Betty R. Johnson MYR Group Inc. - Senior VP, CFO & Treasurer

Thank you, Rick, and good morning, everyone. Our third quarter 2018 revenues were \$399.5 million, a record high. This represents an increase of \$26 million or 7% compared to the same period last year. The increase was primarily due to the C&I revenues from our recent acquisition of the Huen Companies, which were partially offset by lower revenues from large transmission projects. T&D revenues were \$222.5 million, an increase of 3% compared to the same period last year. The breakdown of T&D revenues was \$121.6 million for transmission and \$100.9 million for distribution. C&I revenues were \$177 million, an increase of 12.4% compared to the same period last year. This represents a record high for both C&I and our distribution quarterly revenue.

Our gross margin was 11.3% for the third quarter of 2018 compared to 9.3% for the same period last year. The increase in gross margins was partly due to \$2.3 million of favorable estimate changes on certain contracts associated with the acquisition of the Huen Companies. These changes of estimates are subject to margin guarantees under our purchase agreement and represent potential contingent consideration for which an offset is being recognized in other expense.

SG&A expenses were \$31.2 million, an increase of \$7.4 million compared to the same period last year. The increase was primarily due to the acquisition of the Huen Companies, higher employee-related expenses to support operations and a higher bonus and profit sharing cost. SG&A as a percentage of revenue increased to 7.8% for the third quarter of 2018 from 6.4% for the same period last year.

Other expense was \$2.3 million for the third quarter of 2018, primarily attributable to the contingent consideration related to margin guarantees and certain contracts associated with the acquisition of the Huen Companies that I mentioned earlier. After recognizing the contingent consideration amounts, which are the results of favorable changes and estimates on jobs and process before the acquisition, the Huen Companies contributed approximately \$200,000 of pretax income since being acquired. We continue to believe that the Huen Companies will have operating performance consistent with the future operating performance of our other C&I operating units once all margin guarantees are finalized by the second quarter of 2019.

Effective income tax rate for the third quarter of 2018 represented 26.6% of pretax income compared to 44.8% for the third quarter of



2017. The effective tax rate for the third quarter of 2018 decreased primarily due to the 2017 enactment of the United States Tax Cuts and Jobs Act.

Third quarter 2018 net income was \$8 million or \$0.48 per diluted share compared to \$5.1 million or \$0.31 per diluted share for the third quarter of 2017.

Total backlog as of September 30, 2018, was \$1.1 billion, consisting of \$473.8 million for the T&D segment and \$623.8 million for the C&I segment. These represent all-time highs and 3 consecutive quarterly increases for both total and our C&I backlog.

Turning to the September 30, 2018, balance sheet, we had approximately \$89.3 million of funded debt, \$164.4 million of availability under our credit facility and \$174.7 million of working capital. At the end of the quarter, we entered into 2 equipment notes totaling \$24.9 million, which are included in the \$89.3 million of funded debt noted above. These equipment notes enabled us to increase our borrowing capacity and to lock in fixed interest rates.

In summary, we are pleased with our results this quarter, which reflects year-over-year improved revenue, gross margin, net income, EPS, EBITDA and backlog. We believe our strong balance sheet and borrowing capacity are sufficient to support our working capital needs, equipment investments, strategic acquisition and organic growth initiative and our binding requirements.

I'll now turn the call over to Tod Cooper, who will provide an overview of our Transmission and Distribution segment.

Tod M. Cooper MYR Group Inc. - Senior VP & COO of Transmission and Distribution

Thanks, Betty, and good morning, everyone. Our T&D financial performance in the third quarter of 2018 demonstrates our success in improving operational efficiencies while maintaining our disciplined approach in an active bidding market as well as continued growth in servicing many clients under long-term master service agreements.

Our T&D backlog reflects our solid competitive position in a market that continues to be strong. The trends driving strong investments in electrical infrastructure remain consistent, including the need to replace aging infrastructure to ensure grid reliability and the need to invest in systems and technologies that improve the overall grid performance and aid in the integration of renewable energy sources.

Our backlog reflects strength in our long-term service agreements and success in small to midsize transmission projects. We expect this trend to continue through the remainder of 2018 and into the first half of 2019. We anticipate an increase in larger project bidding opportunities in late 2019, with construction start dates in 2020. We are also seeing a steady increase in EPC projects as utility resources remain tight, and the need to get project to market remains a priority.

We believe all of these factors continue to result in a steady stream of project awards in all regions and combine to create a healthy market environment for realizing MYR Group's grid strategy. In the third quarter, industry announcement indicated that utility capital expenditures will remain at near record levels for at least the next 2 to 3 years. Renewable energy news was at the forefront, which is encouraging as a handful of states are beginning to move towards substantial renewable energy goals.

For example, California's Assembly Utilities and Energy Committee approved Senate Bill 100, which is an important step in California's statewide goal to move to 100% clean renewable energy. The bill increase the current renewable portfolio standard to ensure that 60% of California's electricity comes from renewable resources by 2030 and that 100% comes from renewable resources by 2045. In Colorado, the Public Utilities Commission approved Xcel Energy's Colorado energy plan, which cites cutting carbon dioxide emissions by nearly 60% and increases renewable energy sources to 55% of its mix by 2026.

The commission and supporters said the low cost of wind and solar energy and improving technology of batteries that store energy for renewable resources presents a rare opportunity to advance the program. PSE&G announced that it's seeking approval for its proposed clean energy future program with New Jersey's Board of Public utilities, which seeks to support the state's clean energy goals. In September, American Electric Power filed plans to develop 900 megawatts of solar and wind resources in Ohio, which should more than double the state's existing renewable resources.



We are encouraged by these announcements and expect these efforts to generate the need for supporting electrical infrastructure in the form of transmission and substation facilities. MYR Group's presence in these regions bodes well for future opportunities as does our resonated experience on renewable energy projects. This includes efforts to expand our capabilities in new arenas and related technologies, such as battery storage and offshore wind facilities. Earlier this year, we were awarded the onshore electrical design and construction portion of the mid-Atlantic's first-ever offshore wind project for Dominion Energy, known as the Coastal Virginia Offshore Wind Project. This project is an important first step towards offshore wind development for Virginia and the United States.

We experienced another solid quarter of improvements in our distribution business. Continued activity in residential and general construction and initiatives to ensure system resiliency through new technologies and specification improvements will drive future needs to update and create distribution systems. We believe this should present future distribution opportunities for MYR.

In closing, we are encouraged by the current market conditions and believe recently announced initiatives point to a healthy business climate going forward. We remain disciplined in our approach to capitalize on the right opportunities to grow our business. This is shown through our recruitment of top people, our development and implementation of sound processes and via our investment in our resources. We truly believe that our people will continue to serve as our greatest strength as we prepare for further growth and the challenges in the years ahead.

I'll now turn the call over to Jeff Waneka, who will provide an outlook of our Commercial and Industrial segment.

Jeffrey J. Waneka MYR Group Inc. - Senior VP and COO of Commercial & Industrial

Thank you, Tod, and good morning, everyone. In the third quarter, our C&I segment delivered solid financial results, and our backlog continued to show modest growth. The steps we are taking to grow our company and to build a sustainable organization are proving successful. We are leveraging our opportunities and relationships while being mindful of other variables, such as material escalation and a general dilution of skilled personnel. These dynamics weigh into the evaluation of every opportunity, and we believe our processes allow us to price, win and execute work that will continue to provide positive returns.

Our recent acquisition of Huen Companies has expanded our C&I reach through 3 new locations in Illinois, New Jersey and New York. Our acquisition team is working hard to collaborate on best practices and integrate our various systems. These activities are expected to allow our various district offices to combine resources to capitalize on new opportunities and to extend our offerings to new and existing clients across a wider footprint. Most importantly, our clients are expressing greater confidence in our position as a premier electrical contractor, thus creating new leads in a number of exciting areas. Our market position and financial stability combined with multiple opportunities allow us to focus on key projects that most closely align with our strengths and long-term culture. From past experience, we know this helps further mitigate risk and increase the likelihood of positive outcomes.

Turning to specific project opportunities. We are engaged in several pursuits related to data center, health care, aviation and transportation facilities. These are markets in which we have effectively differentiated ourselves. For example, large airports such as Denver International, Chicago O'Hare, Seattle-Tacoma, Phoenix Sky Harbor and Vancouver International have announced billion dollars spends, and we are currently assisting various general contractors with preconstruction activities associated with many of these projects. We also have strong local presence in the metropolitan area served by these facilities. The scope of work associated with these projects align well with our capabilities and experience.

Work on the new Central 70 project in Denver, Colorado is now underway, with minor activity occurring in 2018 and a ramp-up through the next 4 years. In addition to this large project, in the third quarter, we were successful in winning other critical highway expansion projects throughout the state of Colorado.

Transportation and light rail transit remain especially strong, and we are identifying more opportunities to combine our resources across the U.S. and Canada to provide clients in previously underserved areas with seasoned transportation experts who can address their greatest challenges. Activity in Western Canada has been steadily improving, which has led to exciting new opportunities and project awards. New contracts include office buildings in downtown Vancouver, water treatment plants on Vancouver Island and expansions to

industrial facilities along the coast. We are in continual communication with Canada's largest general contractors regarding multiple commercial and industrial developments in the design and planning phase.

Bidding and pre-construction activity remain strong in several of our key markets, especially data centers. Recent awards in Arizona and Colorado provide a gateway for potential future awards as these clients continue expanding their rapidly growing facilities.

It's an exciting time to be part of this industry in the midst of these healthy market conditions, which should provide a sound foundation for us to explore opportunities to grow both organically and through acquisitions.

In conclusion, we believe the market outlook is strong, and we continue to drive expansion of our C&I business. By working together with our clients, we believe we will continue to build high-performance culture, sharpen our skills and grow profitably.

Thank you, everyone, for your time today. I'll now turn the call back to Rick for his closing statements.

Richard S. Swartz MYR Group Inc. - President & CEO

Thank you for those updates, Betty, Tod and Jeff. Our ongoing prospects for growth are exciting, and we believe that the strong market outlook will continue to present us with solid pipeline of opportunity, which we are prepared to translate into successful projects. We continue to raise the bar through ongoing examination and refinement of our strategic and tactical focus. Because we have the right people and teams in place, I am confident that we will achieve our goals. We understand the importance of attracting, retaining and developing the very best talent to lead the company forward. And I'm proud to be surrounded by such a talented group of people day in and day out at MYR Group.

Operator, we are now ready to open the call up for comments and questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Tahira Afzal with KeyBanc.

Tahira Afzal KeyBanc Capital Markets Inc., Research Division - MD, Associate Director of Equity Research, and Equity Research Analyst

Folks, as I look at the electric transmission side, obviously, some movement over there. But [if I see on your revenue side], it's still running sort of flattish. As you look out sequentially, how do you see what's in your backlog ramping up through the upcoming quarters?

Richard S. Swartz MYR Group Inc. - President & CEO

As we said before, we don't -- this year, there's been some lulls on the large project side. We really see that, like the Harry Allen project, beginning to burn next year. We'll have a little bit starting this year but not much. So I think in previous quarters, we forecasted that and said there was a lull on the large project side. When we look at our backlog overall, our distribution in our MSA work continues to increase. We see that as a positive thing. The large projects out there on the transmission side just seem to continue to push out a little bit, still activity with our clients. We're discussing those projects with them every day, doing constructability reviews, budgeting forum, but some of the permitting is -- still push those projects out.

Tahira Afzal KeyBanc Capital Markets Inc., Research Division - MD, Associate Director of Equity Research, and Equity Research Analyst

Got it, okay. And then I guess, given that -- do you see the [distribution] side as well as C&I being sufficient to drive sort of low to mid-single-digit organic growth for you going forward?

Richard S. Swartz MYR Group Inc. - President & CEO

I think that's always our goal to continue to grow that. Again, we don't -- we're not in charge of the timing of the award or kind of the mix of the projects. We've had some quarters on C&I where we've had material come in a little heavier than other quarters. It's kind of just the

ebbs and flows of those projects. So that affects us a little bit, but our manpower on the C&I side really hasn't decreased at all. It's remained steady and increased in some areas.

Tahira Afzal KeyBanc Capital Markets Inc., Research Division - MD, Associate Director of Equity Research, and Equity Research Analyst

Got it, okay. And then last question for me, and then I'll hop back. If you look at the T&D margins, obviously, nicely improved. Maybe have [become stuck] somewhat. But do you see those margins remaining a bit lumpy but in general, moving forward, or have you hit a point in productivity where, sequentially, the likelihood is they're going to continue to expand?

Richard S. Swartz MYR Group Inc. - President & CEO

Our goal is to always have those expanding. I mean, I think there's more we can do. Today's doing a lot with efficiencies of things you're doing in the field, how we're utilizing our equipment. Got a good mix of work. Really, when we look at the storm revenue for the quarter, it really wasn't enough to move the needle this last quarter. So again, what I'd call a storm contractor, though we do it, we support our clients. It's really where our crews are located and whether certain clients will release them as part of mutual assistance.

Operator

(Operator Instructions) Your next question comes from Andrew Wittmann with Baird.

Andrew John Wittmann Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

I wanted to just get a sense on the C&I business in general here. Excluding this \$38 million of revenue contribution from Huen, it looks like the organic revenues were actually down for the first time in a really long time. This business has obviously been growing very rapidly. Wondering if that's -- Rick, if you're seeing that kind of as an air pocket just on the start of timing of projects or if just the overall burn rate of this backlog, which is obviously at a very high level right now, is going to be slower driven by things like the I-70 project in Colorado. So maybe if you'd just give us some context about how to think about the organic growth rates there, specifically the timing on that I-70 project.

Richard S. Swartz MYR Group Inc. - President & CEO

I'll start and then I'll turn it over to Jeff for anything I miss. I think when we look at our overall C&I business, as I said on the previous question, our manpower typically is increasing in some areas. We haven't really decreased manpower in any of those areas. So it's kind of the mix and the timing of the burn of those -- of our work this quarter. So some of those didn't have as much material come through as previous quarters may have, but we do see it as a positive thing there. The I-70 project, as Jeff said in his script, that -- it just starting right now. We're starting some activity out there. That really ramps up, and it'll continue kind of -- it will levelize out about mid-next year and kind of that burn will be equal for the next 3.5 years after that, but that's a 4-year project. So the overall market, lots of activity. Jeff, do you want to add anything?

Jeffrey J. Waneka MYR Group Inc. - Senior VP and COO of Commercial & Industrial

Rick, I think you said it well. We don't see a decrease at all. We see continuing adding manpower as we go forward. The third quarter of 2017 was an especially strong quarter for us. But since that point, we have been building at a very nice pace.

Andrew John Wittmann Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Okay, that make sense. Great. The -- Where do I want to go next? How about, Betty, I thought I'd give you a complaint form to articulate how much storm actually did contribute in terms of revenue since it wasn't disclosed in the 10-Q.

Betty R. Johnson MYR Group Inc. - Senior VP, CFO & Treasurer

Yes, yes. Storm is something that we don't typically separately disclose, but it hasn't been anything to really move the needle. It wasn't that significant for us.

Richard S. Swartz MYR Group Inc. - President & CEO

If you go back a few years when we did have significant storm revenue, we did disclose that and used to be even part of our investor presentation. Over the last few years, just based on where the storms are and the amount of revenue we did on storm work, again, it's not something that we pulled it out because it's not enough to move the needle.

Andrew John Wittmann Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Yes. Okay, I thought I'd try. The -- Another just accounting thing here, Betty. It looks like this isn't the first time where you've had this kind of contingent earnouts that have been associated with acquisitions that you've done. You had some of these on prior acquisitions. And I was just wondering if the way this contract was set up, it accounted for differently. I think this is the first time you've commented, maybe specifically in your release, that the \$2.3 million is a benefit to gross margins and then reverse later. So I guess it's not an EPS. It doesn't change the EPS, but it kind of makes the gross margins look a little bit better. I don't recall you making that comment before on other earnout things like this. Is this one different than the past ones? Or has this been happening all along?

Betty R. Johnson MYR Group Inc. - Senior VP, CFO & Treasurer

So the terms of this agreement are very similar to prior, just using the Western Pacific that was acquired just over in 2016. Similar terms, but it depends on the results and the changes that took place. It's a term that allows us to manage the risk of job chain estimates that are done at the point in time that the closing takes place. So it happens to be a fairly favorable situation where the Huen Companies is very profitable and showing more profit than they had previously estimated. Unfortunately, GAAP requires us to grow, show it often in both the margins and then show it as other expenses. But that is consistent. It does go back a couple of years though, where we showed it for the prior acquisition. Anything else, Rick? I mean, that's -- nothing really changes [in that process]. It's a big number. It's just a bigger number than in the past.

Richard S. Swartz MYR Group Inc. - President & CEO

They've had [foremens] closing out a few of their projects as they near completion, that when we did the due diligence side, the projects weren't that far complete. And they've had some good success on closing those out, so that's why that number is so large.

Andrew John Wittmann Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Yes, I think that's the difference here, before it was measured in the hundreds of thousands and not millions. So I guess that make sense. Yes, okay. So then there's one other one I wanted to ask here. Oh, just regarding kind of your outlook for large transmission projects in general. It looks like the commentary in the 10-Q this quarter is the same as what it was last quarter, which is the same, that you're seeing an increase in T&D projects. The timing of when you see those going into the ground is still late '19, but it sounds like there might have been a little bit of a shift in the prepared commentary on today's call, which says that maybe the large project bidding is really more of a next-year thing, not a late-this-year thing. Did I catch that slight difference correctly?

Richard S. Swartz MYR Group Inc. - President & CEO

Yes. I would say, every quarter, it's something we talk about and we talk with our clients, how those projects are coming to market. And it's as I've always said, it's not -- if they'll be built, it's when they're going to be built. So a lot of these projects continue to be pushed out. And we've always said if you're awarded a large project, it's really 6 months from the time you're awarded it till you actually see work in it. And a lot of these projects, we don't see coming to bid until next year. And then it's at least 6 months from that point before any work could begin.

Operator

Your next question comes from Noelle Dilts with Stifel.

Noelle Christine Dilts Stifel, Nicolaus & Company, Incorporated, Research Division - VP & Analyst

I just wanted to dig into the significant strength you're seeing in electric distribution a bit more. To what extent do you think that's kind of reflective of just base investment in the grid, storm hardening and things like that versus how much is related to utilities, shifting more of that work to outsource services providers?

Tod M. Cooper MYR Group Inc. - Senior VP & COO of Transmission and Distribution

Noelle, this is Tod. I think it's definitely shifting in the work. In addition, there's a lot of storm hardening happening right now. That continues, and that's remained actually pretty steady. But now you're seeing the results of the economy and the general construction in the housing industry continuing to ramp up or at least being steady at the minimum. And the result of that is typically always been a little bit of lag in distribution, which eventually picks up once that starts, and that has started, so we are now seeing the distribution work associated with the growth in the grid that's required to service those new territories.

Noelle Christine Dilts Stifel, Nicolaus & Company, Incorporated, Research Division - VP & Analyst

Okay. And then in terms of your commentary on renewable energy and some of those projects seeing support. How are you thinking about the -- kind of the knock on the factor, what that does to transmission project demand? I mean, do you see that as driving some of the larger kind of highway projects that would move renewable energy from point A to point B? Or are you thinking about that as driving kind of more of the small to medium-sized inertia type of work? Just curious kind of how you're thinking about that.

Richard S. Swartz MYR Group Inc. - President & CEO

Truly, we think it's going to push both sides of it. I mean, you look at the small to midsize, that's going to continue to need to get -- to bring that power in. And then you look at some of the larger projects, like TWE is an example, where they're trying to bring it -- interstate across into California, and they continue to work on that and trying to finalize a power purchase agreement. So I think there's a mix of both, and I think it's a positive for both sides of the business.

Noelle Christine Dilts Stifel, Nicolaus & Company, Incorporated, Research Division - VP & Analyst

Okay, great. And then last question. Just quickly, we've heard a lot about labor constraints, particularly in the nonresidential construction markets. Any pinch points or markets that are particularly tight? And can you expand on anything you're doing to address that?

Richard S. Swartz MYR Group Inc. - President & CEO

Yes. I'll start with we address it on every bid we're doing that we look at. We address it with every client of how do we keep the resources in your area? What do we need to do? So it's conversations. We have internal and external with our clients. Jeff, you want to talk about some of the stuff you're doing? Or Tod, you want to add anything?

Jeffrey J. Waneka MYR Group Inc. - Senior VP and COO of Commercial & Industrial

It's really important during these times just to have a company that's going to attract labor. Got to have the right tools, equipment, the layout, the training. And people will leave those companies who are not treating them well. So, so far, we've been getting steady stream of folks entering the business or moving from other companies to ours.

Operator

Your next question comes from Tahira Afzal with KeyBanc.

Tahira Afzal KeyBanc Capital Markets Inc., Research Division - MD, Associate Director of Equity Research, and Equity Research Analyst

I don't know if I missed it, but did you give the backlog content you've added from Huen?

Richard S. Swartz MYR Group Inc. - President & CEO

We didn't. It's not something we broke out. But Tahira, if you look at it, there was a -- without Huen, there was a slight increase on the C&I side. That would be about half of what the revenues are annually, would carry in their backlog, somewhere in that range.

Tahira Afzal KeyBanc Capital Markets Inc., Research Division - MD, Associate Director of Equity Research, and Equity Research Analyst

And I guess the next question. McGraw-Hill just came out, and I know a lot of you folks on the C&I side, in particular, do follow this. But this [opt] created for next year, so they are pushing out the non-res slowdown where they're concerned. If you look at where you are at the beginning of the year, and you look at where you are now, do you feel that end market has more resilience than you thought it would?

Richard S. Swartz MYR Group Inc. - President & CEO

I think it's about the same. I don't think my view of the C&I market -- and I'll let Jeff add a little. I mean, talking to our clients, seeing what's being built in areas we're targeting and where we cover, we continue to see a lot of activity. Jeff, do you want to add?

Jeffrey J. Waneka MYR Group Inc. - Senior VP and COO of Commercial & Industrial

I agree, Rick. We've seen a real steady stream of projects that fit the type of work that we typically pursue. So we've talked a lot about the airport expansions and large infrastructure projects that don't seem to be impacted by the non-res slowdown that's been advertised.



Tahira Afzal KeyBanc Capital Markets Inc., Research Division - MD, Associate Director of Equity Research, and Equity Research Analyst

Got it, okay. So I mean, would you say because your peers seem to be suggesting sort of a mid-single-digit organic growth rate as being conceivable into next year? And I know you guys don't give guidance. But if you look at a snapshot of where you stand today, is that something you'd be comfortable with?

Richard S. Swartz MYR Group Inc. - President & CEO

Our goal is always to continue to grow our company, but it's picking the right projects and being willing to say no to the ones that don't fit. So as Jeff said in his prepared comments, we continue to look at the resources, what's available out there. Capturing work, we can capture all the work we wanted and build the revenue side as high as we wanted it. It's the execution that we got to make sure we keep in mind and be able to perform that because a high percentage of our work is with return to clientele. So again, we'll push growth where we can. Our thing is selecting the right projects and being successful on them.

Tahira Afzal KeyBanc Capital Markets Inc., Research Division - MD, Associate Director of Equity Research, and Equity Research Analyst

I guess, given where tough inflation on the EBIDTA, [if I miss it], if you were to continue to be selective, what kind of growth rate do you think you can support?

Richard S. Swartz MYR Group Inc. - President & CEO

We don't project that or give guidance on that. I think we'll continue. I think you've seen some of the acquisitions we've done. I think you've seen the growth in our C&I market. I like both markets we're in. We're focused on the electrical side, whether it's our T&D and C&I, and we're going to continue to pursue that and add where we can in areas we're at and then do acquisitions when they make sense and try to find some more good companies to purchase.

Operator

Your next question comes from Alex Rygiel with B. Riley FBR.

Alexander John Rygiel B. Riley FBR, Inc., Research Division - Analyst

Rick, does the company have any interest in expanding outside of the sort of 2 segments you're in today?

Richard S. Swartz MYR Group Inc. - President & CEO

We are -- always look at other segments. We look at that as part of our overall strategy. We evaluate that. Right now, currently, we don't have a need to go into another market. There's enough we can do in the markets we're in to grow. But we evaluate it every quarter and have those discussions with our board, and we take it as part of our strategic plan going forward. So we evaluate every option we have, but it's not something today that we're looking to grow into a new market today. But again, always evaluating and look what we want to be when -- as this market changes and develops and what other markets make sense for us to get in.

Alexander John Rygiel B. Riley FBR, Inc., Research Division - Analyst

What is the comfort range of leverage on the balance sheet that the organization has these days?

Betty R. Johnson MYR Group Inc. - Senior VP, CFO & Treasurer

I mean, our -- the 1.1 that we're at today is very comfortable. We're comfortable going all the way up into the 2x leverage. Our agreements allow up to 3, but that's not something we would do and -- unless it was unusual and shortly lived. So where we're at, we're comfortable and have the ability to still further leverage it.

Operator

(Operator Instructions) I am showing no further questions at this time. I'd now like to turn the conference back to Rick Swartz.



Richard S. Swartz MYR Group Inc. - President & CEO

On behalf of Betty, Tod, Jeff and myself, I sincerely thank you for joining us on the call today and for your ongoing confidence in MYR Group. As always, I'd like to thank our exceptional management team and employees for their hard work and our stockholders for their continued support. We look forward to working with you going forward and speaking with you again on our conference call for this year's fourth quarter and 2018 year-end results.

Operator

Ladies and gentlemen, this concludes today's conference. Thank you for your participation, and have a wonderful day. You may now disconnect.

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